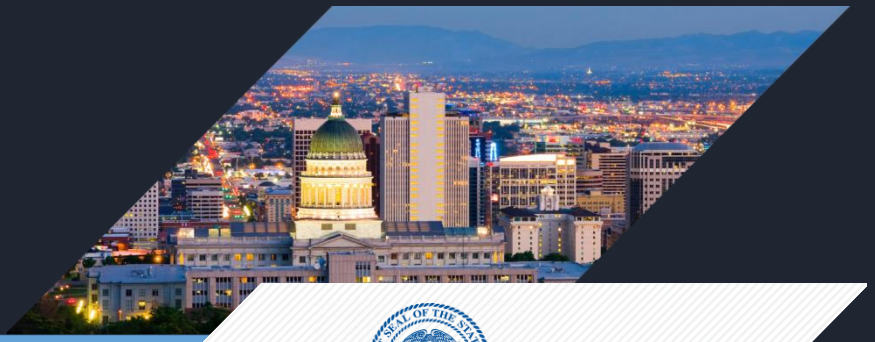
Revenue and Taxation Interim Committee

Val Hale
Executive Director

Benjamin Hart
Managing Director of Urban and Rural Business Services



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21 September 2016

Recycling Market Development Zone Tax Credit

Statutory Duties

- Support county/municipality incentives encouraging companies to recycle primary and secondary materials
- Evaluate county/municipality applications
- Certify company's equipment is integral to compositing or recycling process
- Certify eligible investment using TC-40R form supplied by Tax Commission

What is a Recycling Market Development Zone?

- Designated area for counties/municipalities:
  - Actively encourage recycling of post-consumer waste
  - Demonstrate ability to support better management of secondary waste material from commercial, industrial and manufacturing processes

Tax Credit Eligibility and Caps

Tax Code 59-10-1007:

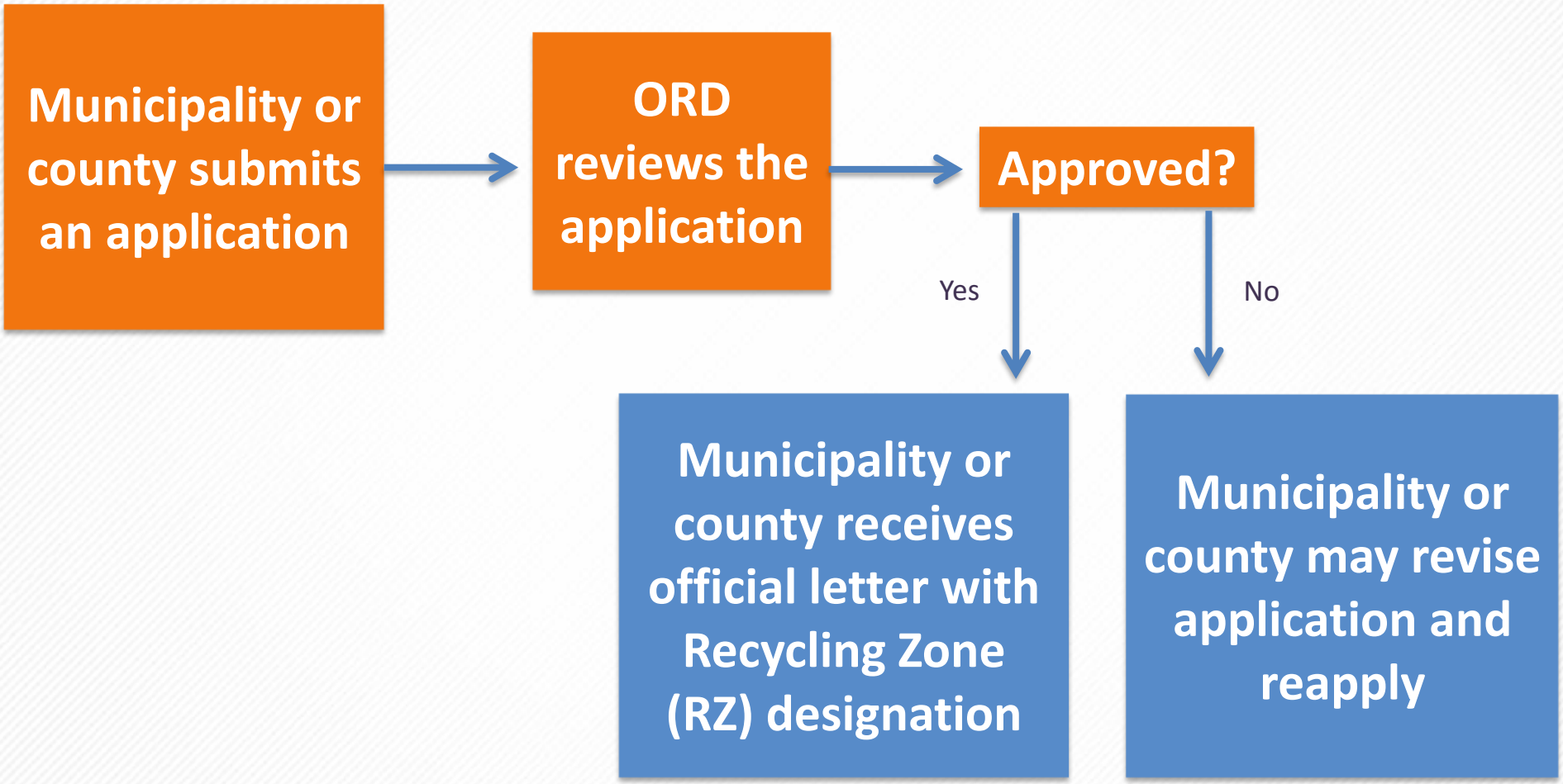
- **Up to 5% of the purchase price paid** for machinery and equipment used directly in:
  - commercial composting; or
  - manufacturing facilities or plant units that:
    - manufacture, process, compound, or produce recycled items of tangible personal property for sale; or
    - reduce or reuse postconsumer waste material

Tax Credit Eligibility and Caps

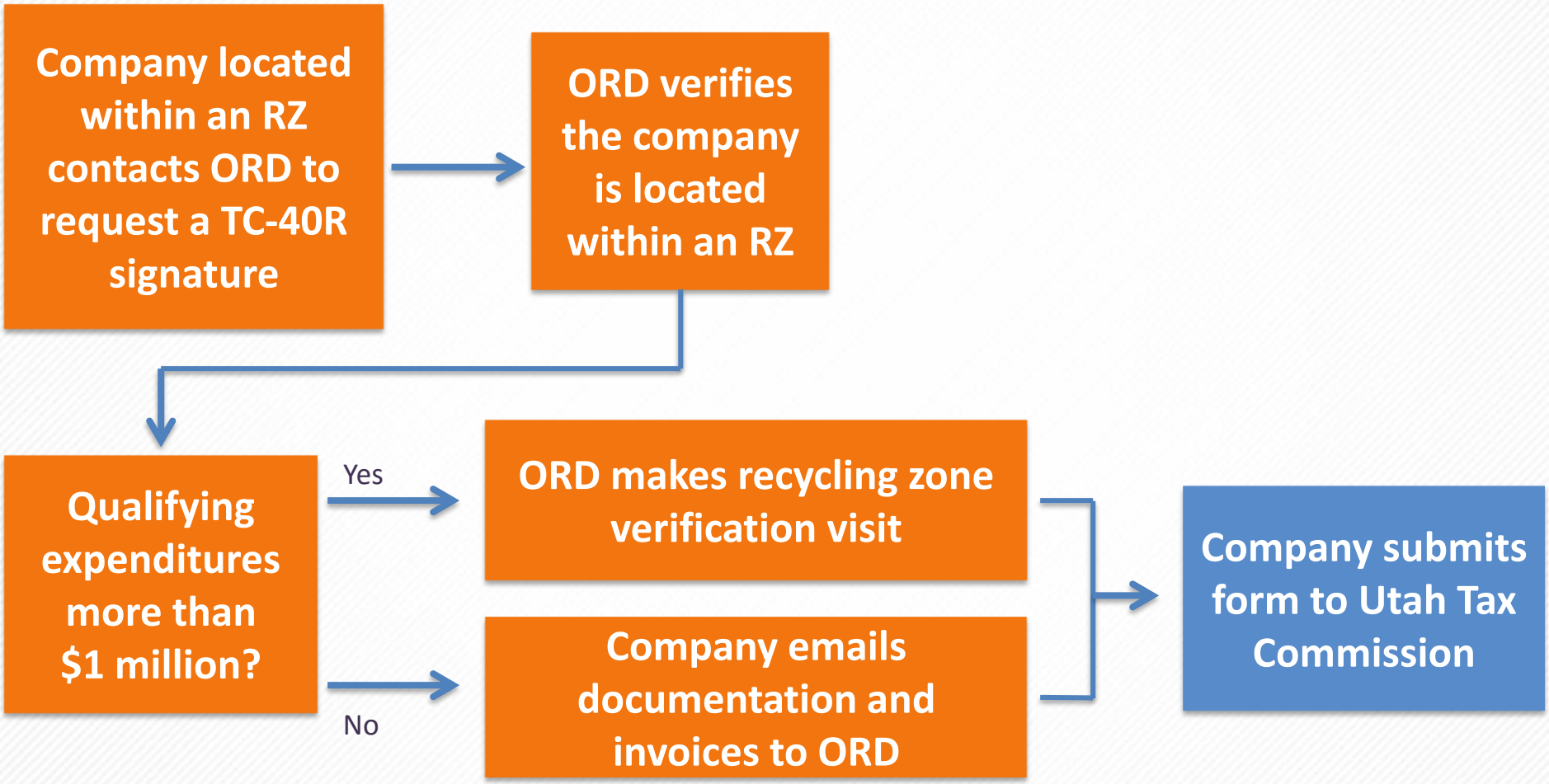
Tax Code 59-7-1007:

- **Equal to 20 percent of net expenditures up to $10,000** to third parties for rent, wages, supplies, tools, test inventory, and utilities made by the claimant with an annual maximum tax credit of $2,000

Zone Application Process



Tax Credit Verification Process



Recycling Zone Tax Credit Overview

- **58 recycling zones** across 22 counties

2015

- **$1.8 million** in tax credits awarded
- **$36 million** in private investment
- **19 companies** awarded for tax credits

2016

- **$311,394** in tax credits awarded
- **$6.1 million** in private investment
- **6 companies** awarded for tax credits

Future Planning

- Collaborate with Tax Commission to review and evaluate business tax credit application process
- Collaborate with Department of Environmental Quality as subject matter experts

Thank you

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